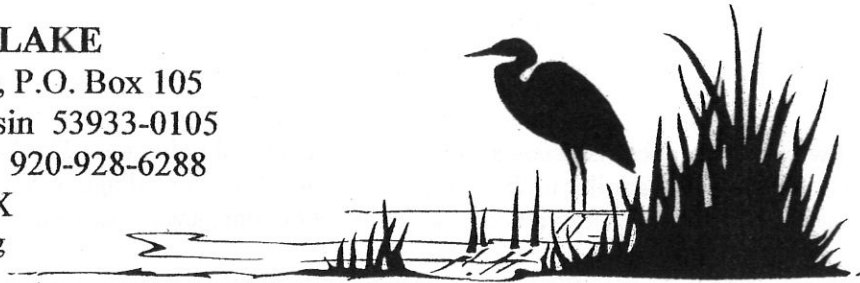


## CITY OF FOX LAKE

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Tom Bednarek  
Mayor

William J. Petracek  
City Administrator

Susan B. Hollnagel  
Clerk

Ann T. Tripke  
Treasurer

February 2, 2012

Senator Scott Fitzgerald  
Room 211 South  
State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

Representative Jeff Fitzgerald  
Room 211 West  
State Capitol  
P.O. Box 8952  
Madison, WI 53708

Dear Senator Fitzgerald and Representative Fitzgerald:

I am writing to seek your assistance in a matter affecting City of Fox Lake taxpayers. Last year, the City's contracted Assessor made an error when he filed valuation reports for the City's Tax Incremental District ("TID") No. 1. As a result of this error, the value of the District as of January 1, 2011 was certified by the Dept. of Revenue as \$6,658,800, as compared to its prior year certified value of \$23,461,600 (had the error not been made, the 2011 value should have been approximately the same as in the prior year, thus approximately \$16.8 million in value went unreported).

This unreported value resulted in a tax collection for the City's 2012 budget that was more than \$428,000 less than it would have been had the error not been made. To make up a portion of this shortfall, the City borrowed funds, and levied a tax to repay that debt using the debt service exemption to levy limits: this exception allowed the City to counteract the impact of this error and make the City's budget whole for 2012 with no negative impact on property owner's tax bills (taxes ended up being what they would have been had the error not been made).

Since the TID was undervalued last year, the Dept. of Revenue will "double up" its value this year as required by Wisconsin Statute Section 70.57. On a projected basis, this action will add more than an additional \$510,000 (21%) to the City's total tax levy. This will increase the average Fox Lake taxpayer's December 2012 property tax bill by an amount ranging from \$178 to \$500 depending on the amount of the City's 2012 levy. To avoid this increase, the City can lower its general purpose tax levy to offset the increase. **However, doing so will cause the City's levy limit under Wisconsin Statute Section 66.0602 to be permanently reduced to this lower level. To allow the City to act in the best interests of our taxpayers, we will require special legislation providing a one-time exemption to the levy limit.** This exception would allow the City to lower its levy for its 2013 budget to offset the tax increase, and then restore its levy limit in the

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level it would have otherwise been at prior to the intentional reduction. The legislation we seek would be substantially similar to that which was enacted for the Village of Shorewood (2011 Wisconsin Act 63) which experienced similar set of circumstances last year.

Please let me know if your office can be of assistance in this matter, and what other information you may require.

Sincerely,

A handwritten signature in cursive script that reads "Tom Bednarek".

Mayor Tom Bednarek

cc: Mr. Bill Petracek, City Administrator  
Mr. Don Rahn, Baker-Tilley  
Mr. Todd Taves, Ehlers